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ABSTRACT

The seventh module in a 17-module self-instructional course on student financial aid administration (designed for novice student financial aid administrators and other personnel) teaches how to calculate the cost of attendance. It provides a systematic introduction to the management of federal financial aid programs authorized by the Higher Education Act Title IV. After completing this module, the administrator will be able to identify standard budget types, describe acceptable student budget expense categories, describe options available in constructing student budgets, and develop room and board costs for different living situations. Along with a pre-test, post-test, glossary, and acronyms, five sections focus on the following: (1) cost of attendance components; (2) the Pell Grant cost of attendance; (3) case studies for the Pell Grant cost of attendance; (4) cost of attendance for the campus-based and Stafford, Supplemental Loans for Students (SLS), and Parent Loans for Undergraduate Students (PLUS) programs; and (5) case studies for campus-based and Stafford/SLS/PLUS cost of attendance. Two appendices offer Pell Grant cost of attendance: fees component and low-income students and their dependents' living expenses in the campus-based/Stafford/SLS/PLUS cost of attendance. Contains four references. (SM)

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A Self-Instructional Course in Student Financial Aid Administration

An Introduction and Guide to the Administration of Federal Title IV Student Financial Aid Programs

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A Self-Instructional Course in Student Financial Aid Administration

United States Department of Education
Office of Student Financial Assistance

Calculating Cost of Attendance

7

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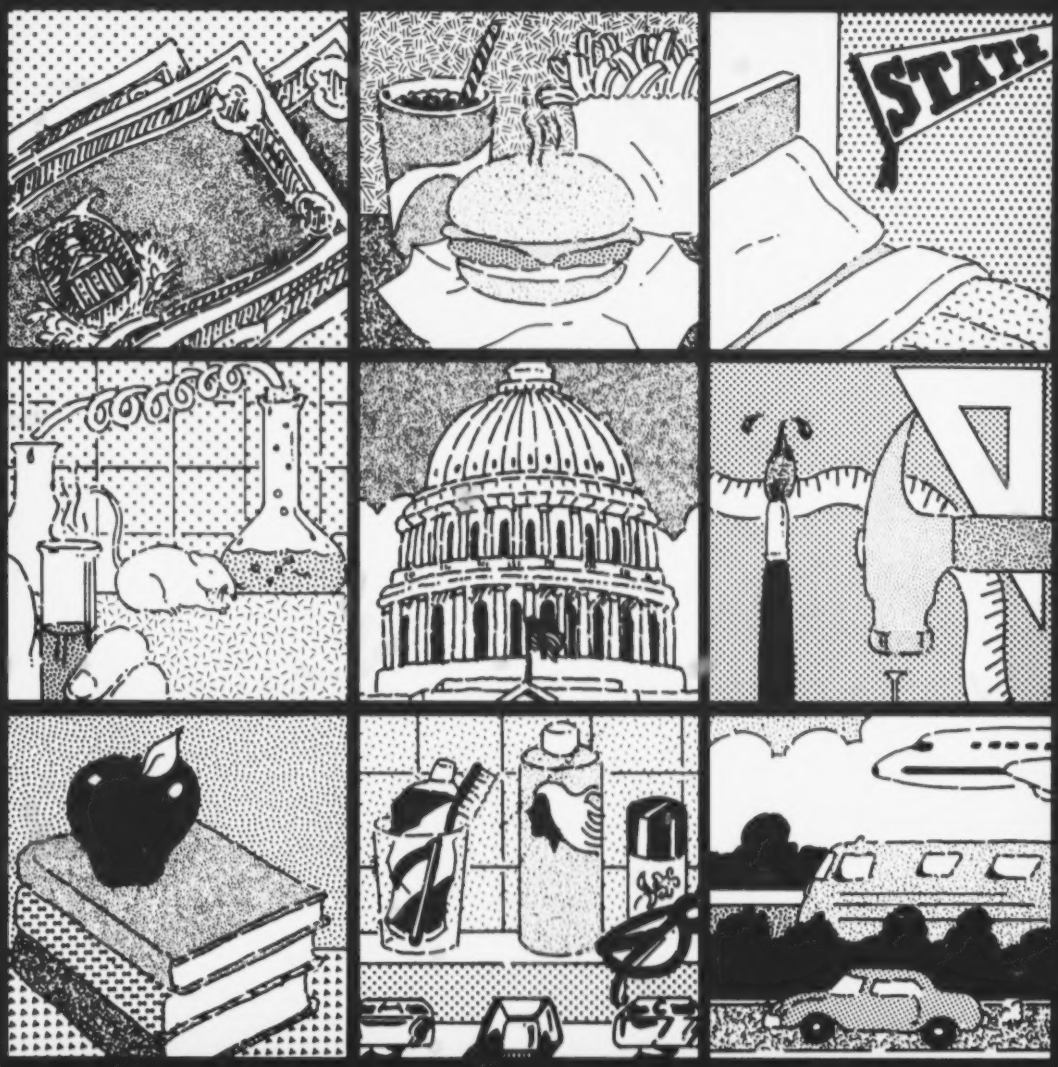

A Self-Instructional Course in Student Financial Aid Administration

United States Department of Education Office of Student Financial Assistance

This publication is one component of *A Self-Instructional Course in Student Financial Aid Administration*. This Second Edition of the course consists of the following modules:

1. Student Financial Aid Administration: Course Study Guide and Introduction to the Field
2. Federal Student Financial Aid: History and Current Sources
3. The Legislative and Regulatory Processes
4. Roles and Responsibilities of the Financial Aid Office
5. Title IV Institutional and Program Eligibility
6. General Student Eligibility
7. Calculating Cost of Attendance
8. Need Analysis
9. Award Packaging
10. The Pell Grant Program
11. The Stafford Loan, SLS, and PLUS Programs
12. Campus-Based Programs: SEOG, CWS, and Perkins Loan
13. Verification
14. Authorization, Fiscal Operations, and Reporting
15. Internal Aid Office Management and Institutional Quality Control
16. Forms and Publications
17. Evaluation of Student Aid Management: Self-Evaluation, Audit, and Program Review

The course includes a Support Booklet with the complete course glossary, acronyms, key resources, bibliography, and index, as well as addresses of publishers mentioned in the course. The Support Booklet also offers guidelines for further study.

UNITED STATES DEPARTMENT OF EDUCATION

WASHINGTON, D.C. 20202

October 1988

Dear Colleague:

We are pleased to present the Second Edition of A Self-Instructional Course in Student Financial Aid Administration. This updated version of the course originally published in 1986 incorporates provisions of the Higher Education Amendments of 1986, with 1987 Technical Amendments and subsequent amendments.

The purpose of the course remains the same. It is designed to provide neophyte financial aid administrators (those with two years or less experience in student aid) and other institutional personnel with a systematic introduction to management of federal financial aid programs authorized by Title IV of the Higher Education Act. Students of the course will gain a fundamental understanding of the roles and responsibilities of participating institutions and of student aid administrators. On completion of the course, they will be prepared to expand this knowledge with the use of training and reference materials, on-site training opportunities, and contacts with other members of the profession.

The materials were revised under a contract with the Washington Consulting Group. The text was reviewed for technical accuracy by many staff members of the Office of Student Financial Assistance (OSFA). Special acknowledgement is due to both project staff and OSFA specialists for accomplishing very wide-ranging modifications of the text during a period when much legislative and regulatory activity affecting student aid was in progress.

Your comments and suggestions regarding any aspect of the materials are welcome. OSFA is particularly interested in learning 1) the level of experience and job responsibilities of personnel at your institution using the modules; 2) the purposes for which they are being used (for example, self-study, training new staff, reference); and 3) whether you feel that this publication is among those that OSFA should continue to update and disseminate annually. You may send your comments to the Training Branch, OSFA/ED, 400 Maryland Avenue S.W., Washington, D.C. 20202.

Sincerely,

Dewey L. Newman
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Enclosure

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MODULE 7

CALCULATING COST OF ATTENDANCE

The technical information in this module is based on laws, regulations, policies, and procedures in effect as of:

August 20, 1988

This is one component of *A Self-Instructional Course in Student Financial Aid Administration*. This Second Edition of the course has been prepared by The Washington Consulting Group, Inc., under a contract with the U.S. Department of Education.

The course consists of 17 modules and a support booklet. It provides an introduction and guide to the administration of student financial aid programs authorized under Title IV of the Higher Education Act of 1965, as amended. The titles of the modules are listed on the inside front cover of this publication.

Institutions may freely reproduce the course for their own use. For more information on the course, contact one of the Department of Education offices listed on the inside back cover of this publication.

TABLE OF CONTENTS

Page			
v	**Learning Objectives and Introduction**		
viii	**Pre-Test**		
1	**Cost of Attendance Components**		
1	7.1	Overview and Comparison	
2		Chart: Comparison of Costs of Attendance	
3	**The Pell Grant Cost of Attendance**		
3	7.2	Introduction to the Pell Grant Cost of Attendance	
4		7.2.1	Institutional Definitions of an Academic Year and Full-Time Enrollment Status
4		7.2.2	Full Academic Year Costs
4	7.3	Components of the Pell Grant Cost of Attendance	
4		7.3.1	Tuition
7		7.3.2	Fees
8		7.3.3	Allowance for Room and Board, Books, Supplies, Transportation, and Miscellaneous Expenses
9		7.3.4	Child Care Allowance
9		7.3.5	Handicapped Student Allowance
9		7.3.6	Special Circumstances
12	**Case Studies for the Pell Grant Cost of Attendance**		
16	**Cost of Attendance for the Campus-Based and Stafford/SLS/PLUS Programs**		
16	7.4	Introduction to Student Budgets	
17		7.4.1	Enrollment Status
18		7.4.2	Underlying Principles
18	7.5	COA Components for the Campus-Based, Stafford, SLS, and PLUS Programs	
18		7.5.1	Tuition and Fees
19		7.5.2	Allowance for Books, Supplies, Transportation, and Miscellaneous Personal Expenses
21		7.5.3	Allowance for Room and Board
23		7.5.4	Allowance for Dependent Care Expenses
24		7.5.5	Allowance for Handicapped Student Expenses
24		7.5.6	Correspondence Courses of Study

Page

24 7.6 Cost of Attendance Modifications

25 7.6.1 Modifications for Less-than-Full-Year Attendance
26 7.6.2 Modifications for Programs of Study Which Exceed the Institution's Academic Year
27 7.6.3 Tuition Modification for Part-Time Enrollment Status: Term-Based Institutions

27 7.7 Data Collection: Methods and Sources

27 7.7.1 Documentation
28 7.7.2 Publications
28 7.7.3 Local Surveys and Comparisons

30 **Case Studies for Campus-Based and Stafford/SLS/PLUS Cost of Attendance**

36 **Summary**

38 **Post-Test**

42 **Glossary**

45 **Acronyms**

46 **Key Resources**

47 **Appendix A: Pell Grant Cost of Attendance: Fees Component**

48 **Appendix B: Low-Income Students and Their Dependents' Living Expenses in the Campus-Based /Stafford/SLS/PLUS Cost of Attendance**

49 **Index**

MODULE 7

CALCULATING COST OF ATTENDANCE

❑ LEARNING OBJECTIVES

After completing this module, you will be able to develop cost of attendance figures for the Pell Grant program and for the campus-based and Stafford/SLS/PLUS programs. In particular, you will be able to:

- ✧ recognize the differences between the Pell Grant cost of attendance and the student expense budgets used for all other Title IV programs;
- ✧ describe acceptable student budget expense categories;
- ✧ identify standard budget types;
- ✧ develop room and board costs for different living situations;
- ✧ describe options available in constructing student budgets; and
- ✧ describe sources and methods of gathering data to determine cost of attendance.

❑ INTRODUCTION

The subject of this module is one of the most important areas of student financial aid administration. The module deals with half of the formula that determines financial need. The basic calculation is:

Cost of Attendance - Expected Family Contribution = Financial Need

The cost of attendance represents the educational costs for a program of study at a particular institution. The expected family contribution, the amount a family can afford to pay, is determined for each student by a statutory formula. This expected family contribution figure is measured against a specific institution's cost of attendance. The resulting difference is called financial need. Institutions attempt to meet this need by combining financial aid with any other resources available to the student.

There are two basic approaches to determining costs of attendance:

- ✧ the *Pell Grant* method, and
- ✧ the method used for the purposes of the *campus-based, Stafford Loan, SLS, and PLUS* programs.

Many aspects of these two methods, including the allowable cost of attendance components, are now specified by law. In general, the campus-based/Stafford/SLS/PLUS method allows the aid administrator more flexibility to recognize students' educational costs and individual financial circumstances. However, there are many similarities in these two methods of determining costs of attendance.

The module begins with an overview and comparison of the two methods for determining costs of attendance. Then, the two techniques are discussed in two separate sections of this module. Case studies for each section will give you practice in constructing cost of attendance figures for different kinds of schools, living arrangements, and programs.

PRE-TEST

1. Which of the following items are specifically included in the Pell Grant cost of attendance? (circle all that apply)

   a. child care allowance
   b. handicapped student allowance
   c. medical/dental expenses
   d. tuition and fees
   e. clothing allowance
   f. average utility and telephone costs
   g. room and board, books, supplies, transportation, and miscellaneous expenses

2. In compiling cost of attendance figures for the campus-based and Stafford/SLS/PLUS programs, the aid administrator should:

   a. collect and compare data from several sources
   b. rely on one source only
   c. rely on student information only
   d. none of the above

3. In the Pell Grant cost of attendance, the aid administrator always uses full-time costs. True or False?

4. If a student lives alone in an off-campus apartment, the maximum Pell Grant cost of attendance component for room and board, books, supplies, transportation, and miscellaneous expenses will be:

   a. $2,500
   b. $1,600
   c. $1,500
   d. $1,100
   e. none of the above

5. The maximum cost of attendance in *any given award year* for room and board, books, supplies, transportation, and miscellaneous expenses for the Pell Grant program is:

   c. based on the maximum Pell Grant award for that award year
   a. equal to the actual cost of living expenses for different categories of students as determined by an institutional survey of the student body
   d. set by the Department of Education's Office of Student Financial Assistance
   b. calculated with the Pell Grant Family Contribution Schedule

6. For students living at home with parents, an allowance for room and board expenses is not included in the Pell Grant cost of attendance. True or False?

7. Campus-based and Stafford/SLS/PLUS cost of attendance components should be reviewed:

   a. every 5 years
   b. every 3 years
   c. every 2 years
   d. annually

8. Which of the following fees may *not* be included in the Pell Grant cost of attendance? (circle all that apply)

   a. activity fees
   b. required supplies (art supplies, tools, and equipment)
   c. parking fees required for commuter students
   d. lab fees
   e. library fines
   f. uniforms (purchased by the student)

9. The aid administrator always has the following options when determining allowable costs for student budgets: (circle all that apply)

   a. documentation of costs
   b. use of average costs
   c. use of the same average costs for undergraduate, graduate, and professional students
   d. use of actual costs

10. At the Carlos Beauty School the tuition is $6,000 for a 1200 clock-hour certificate program. A standard academic year is 900 clock hours. In constructing the Stafford/SLS/PLUS cost of attendance, what would be the tuition figure for the first academic year?

    a. $3,000
    b. $4,500
    c. $6,000
    d. $9,000

11. Tuition in the Pell Grant cost of attendance must always be the actual tuition charged to each student. True or False?

12. After careful study, the aid administrator of Ludwig's School of Art and Design has concluded that first-year students are required to spend $400 more on art supplies than students in succeeding years. When constructing student budgets for the campus-based and Stafford/SLS/PLUS programs, the aid administrator may: (circle all that apply)

    a. use the higher supply figure for all students
    b. average the amounts paid for supplies and include this figure in student budgets for all students
    c. establish a separate budget category for first-year students with documentation of expenses
    d. none of the above

ANSWERS

1. a., b., d., and g. (7.1, 7.3)*
2. a. (7.7.2, 7.7.3)
3. True. (7.2.1, 7.2.2)
4. e. (7.2)
5. a. (7.3.3)
6. False. (7.2)
7. d. (7.7.3)
8. b., c., e., and f. (7.3.2)
9. b. and d. (7.3.1, 7.5.1)
10. b. (7.3.6, 7.6.2)
11. False. (7.3.1, 7.3.2)
12. b. and c. (7.5, 7.5.2)

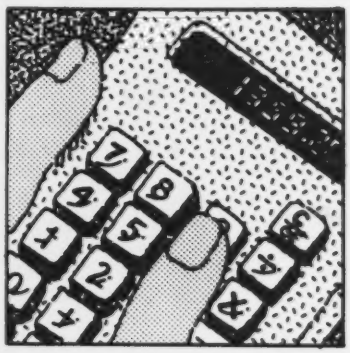
*For quick access to information on this question, see these sections.

Questions: 12 Your Score: ____ Percentage: ____

COST OF ATTENDANCE COMPONENTS

7.1 OVERVIEW AND COMPARISON

A cost of attendance (COA) represents the *educational costs* for a *program of study* at a *particular institution* for the purposes of a *specified Title IV aid program.* Calculating the cost of attendance is an important step in determining financial need:



Cost of Attendance - Expected Family Contribution = Financial Need

There are two basic approaches to determining the cost of attendance, depending on the Title IV program for which financial need will be measured:

- ✧ the *Pell Grant method.* Many aspects of the Pell Grant cost of attendance are specified by law. For example, the statute limits the COA to *four* components:
  - tuition and fees;
  - an allowance for room and board, books, supplies, transportation, and miscellaneous expenses;
  - an allowance for child care expenses; and
  - an allowance for expenses related to a physical handicap.

- ✧ the *campus-based and Stafford/SLS/PLUS program method.* Many aspects of this cost of attendance are also specified by law. The statute limits this COA to *five* components:
  - tuition and fees;
  - an allowance for books, supplies, transportation, and miscellaneous personal expenses;
  - an allowance for room and board;
  - an allowance for dependent care expenses; and
  - an allowance for expenses related to a physical handicap.

In both methods, the cost of attendance equals *actual or average* tuition and fee costs plus the sum of the applicable allowances. These allowances are generally *not* the actual charges, but are reasonable amounts to cover students' circumstances. For a given budget component, such as room and board, different categories of students may have different allowances.

COMPARISON OF COSTS OF ATTENDANCE

PELL GRANT PROGRAM		*CAMPUS-BASED, STAFFORD, SLS, AND PLUS PROGRAMS*
actual or average tuition and fees for full-time undergraduate for full academic year	*TUITION AND FEES*	actual or average tuition and fees
	ROOM AND BOARD	
maximum allowance $1,600 (includes books, supplies, transportation, and miscellaneous expenses)	*No Dependents, Residing With Parents*	*minimum* allowance $1,500
N/A	*No Dependents, Living In Institutionally Owned/Operated Housing*	actual or average amount normally assessed most residents
maximum allowance $2,200 (includes books, supplies, transportation, and miscellaneous expenses)	*All Other Students*	*minimum* allowance $2,500
no separate allowance (combined with room and board allowance)	*BOOKS, SUPPLIES, TRANSPORTATION, AND MISCELLANEOUS PERSONAL EXPENSES*	allowance determined by institution (no maximum)
maximum allowance $1,000 for *all* dependent children	*CHILD CARE*	no separate allowance (included in dependent care allowance)
no allowance	*DEPENDENT CARE*	allowance determined by institution (no maximum); "dependents" may include dependent children
allowance determined by institution (no maximum)	*HANDICAP EXPENSES*	allowance determined by institution (no maximum); unlike Pell, may include transportation
not eligible in 1988-89	*LESS-THAN-HALF-TIME STUDY*	no allowance for room and board, personal, or handicap expenses
no special categories	*CORRESPONDENCE STUDY, STUDY ABROAD, TELECOMMUNICATIONS STUDY, AND INCARCERATED STUDENTS*	specific provisions (see later sections of this module)

7.2 INTRODUCTION TO THE PELL GRANT COST OF ATTENDANCE

The Pell Grant cost of attendance is used to determine Pell Grant payments to students. By legislation, Pell Grant awards have a defined dollar ceiling--they cannot exceed a percentage of the Pell Grant cost of attendance. For example, in 1988-89 the scheduled award must not exceed $2,200 or 60% of the cost of attendance. To determine the cost of attendance for each student who is eligible for a Pell Grant, the financial aid administrator must consider the following:

- ✧ tuition and compulsory fees normally charged a *full-time student for a full academic year;*
- ✧ an allowance for room and board, books, supplies, transportation, and miscellaneous expenses incurred by the student for a full academic year:
  - $1,600* maximum allowance for students without dependents living at home with parents
  - $2,200* maximum allowance for all other students
- ✧ an allowance for child care expenses for students with dependent children; and
- ✧ an allowance for handicapped students for costs of special services and equipment not provided by other assisting agencies.

The Pell Grant program no longer specifies differences in calculating the cost of attendance for special categories of students, such as students enrolled in a correspondence study program or incarcerated students.

Chapter 4 of the *Federal Student Financial Aid Handbook* provides instructions and further training in calculating the Pell Grant cost of attendance. This module is intended to give you a foundation of understanding, rather than a complete course of instruction. Be sure to study the other materials recommended in this module.

Terminology used in financial aid is sometimes confusing--*cost of attendance, cost of education, student budget,* and *student expense budget* are terms that are often used interchangeably for the campus-based and Stafford/SLS/PLUS programs. However, the Pell Grant cost of attendance is generally not referred to as a student budget. In this chapter on the Pell Grant, we will therefore use the term "cost of attendance."

*These allowances are for the 1988-89 award year. The maximum allowances for other award years will vary depending on the maximum Pell Grant award. (See Section 411 F of the Higher Education Amendments of 1965, as amended.)

7.2.1 Institutional Definitions of an Academic Year and Full-Time Enrollment Status

The initial step in calculating the Pell Grant cost of attendance is to define a full-time student and an academic year. Pell Grant regulations define a full-time student (see Module 6). The General Provisions regulations give the standards that an institution must meet in defining its academic year (see Module 5).

7.2.2 Full Academic Year Costs

The Pell Grant cost of attendance is always calculated for a *full-time student* for a *full academic year.*

- ✧ If the program length exceeds or is less than an academic year, will the cost of attendance figure used to determine a student's award still be the full-year cost of attendance?

- ✧ If the student attends part-time, will the cost of attendance figure used to determine a student's award still be the full-time cost?

The answer to both questions is yes--full-time, full-year costs are used. Other regulated payment procedures will ensure payment that reflects the period of attendance and less-than-full-time enrollment status.

You will find additional discussion of how to calculate Pell Grant awards and determine payments to students in Module 10. Those instructions will show you how payments are determined for those who do not attend for a full year or who do not attend full-time. Remember, the cost of attendance figure will always be calculated with the costs of full-time enrollment for a full academic year.

7.3 COMPONENTS OF THE PELL GRANT COST OF ATTENDANCE

7.3.1 Tuition

The tuition component of the Pell Grant cost of attendance is based on either the *actual* or *average* amount charged to a full-time student for a full academic year. The choice of average or actual tuition costs for a full-time student is an

administrative decision based on an analysis of the institution's policies for charging tuition.

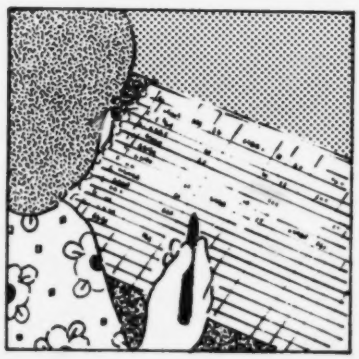
Actual Tuition Costs

Actual tuition costs represent the tuition charged to each individual student. This will be an important consideration for those schools which choose to use actual costs. For instance, an institution which charges tuition by the credit hour may determine an award for a student who takes more than the usual full-time courseload by using the higher cost.

Q. How is the actual tuition determined if tuition is calculated by the credit hour?

A. To determine the actual tuition, first multiply the number of credit hours in the student's first term by the cost per credit hour; next, multiply this by the number of terms in an academic year.

Example 1: Computing Actual Tuition



Ernest is taking 12 semester hours during his first term in a program which charges $30 per semester hour. The institution defines full-time status as 12 semester hours. Two semesters equal an academic year. What is the tuition component of the cost of attendance?

12 semester hours x $30 x 2 semesters = $720

Since the school is using actual tuition costs, if Ernest took 14 semester hours of courses, his tuition component would be $840.

Average Tuition Costs

Some institutions prefer to identify average tuition costs. A separate average tuition cost may be developed for any "distinct classification" upon which tuition charges are based. If your institution has full-time courses of study with different full-time tuition costs (e.g. engineering and nursing programs), separate average charges may be used for these classifications of students. If your institution establishes its tuition and fee charges on a residency basis (e.g. in-state and out-of-state) and elects to calculate an average tuition and fee charge, it may establish a separate average charge for each different residency-based classification.

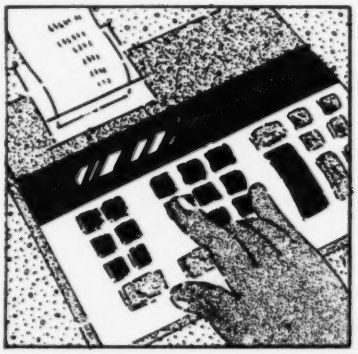
Q. How is an average tuition cost calculated at a term-based institution?

A. Average costs are based on the costs normally charged to all of the institution's full-time students and must be recalculated each year. There are two acceptable types of averages: straight averages and weighted averages. (A median or mode may not be used in lieu of a calculated average.) Straight and weighted averages are calculated as shown below.

Example 2: Calculating Average Full-Time Tuition

Greenbelt Bible College has 100 out-of-state, full-time students. It is a term-based institution. Tuition charges are $50 per hour. What is the average tuition charge for this category of student?

Number of Students	Enrollment	Actual Tuition Charge per Academic Year
20	12 hours per semester	$1,200
40	13 hours per semester	$1,300
40	15 hours per semester	$1,500



Case 5 on page 14 offers another example of computing tuition averages.

Solution:

a. Straight or unweighted average:

$1,200 + 1,300 + 1,500 = $4,000

$4,000/3 = $1,333 = unweighted average tuition cost

b. Weighted average:

20 x 1,200 =	24,000
40 x 1,300 =	52,000
40 x 1,500 =	60,000
100	$136,000

$136,000/100 = $1,360 = weighted average tuition cost

Tuition Costs for Part-Time Students

We will now discuss how the full-time Pell Grant cost of attendance is determined for part-time students. (Remember that adjustments for part-time status are

reflected in payment procedures, not in the cost of attendance figure.) The following rules apply:

- If your institution chose an average method of calculation for full-time students, the *same* average could be used for part-time students within the same residency or other cost-based category, if such categories were established.

- If your institution did not develop average costs for full-time students, but chose to use actual tuition costs, you will now have to identify the average courseload for a full-time student. To determine the typical cost, multiply the typical courseload by the cost per credit hour and the number of terms in an academic year.

Example 3: Computing Full-Time Tuition for Part-Time Students (at an Institution Which Uses Actual Tuition for Full-Time Students)

Maria is in a program which charges $30 per credit. She is enrolling for 6 semester hours. A full-time courseload is 14 semester hours. What is the tuition figure to be used in the Pell Grant cost of attendance?

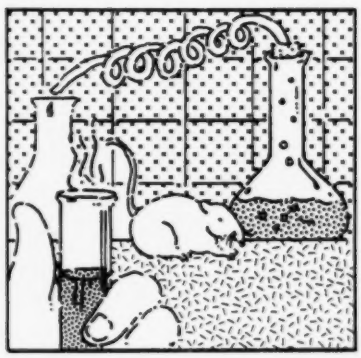
Solution:

14 semester hours x $30 x 2 semesters = $840

$840 is the tuition for a typical full-time workload for a single academic year. Thus, $840 would be the tuition component in Maria's cost of attendance.

7.3.2 Fees

As with the tuition component, either *actual* or *average* fees normally charged to a full-time student are used. The calculation of fees should be based only on those fees which are charged to all students in the same category and which are for services performed by the institution. These fees would include:



- activity fees charged to *all* students

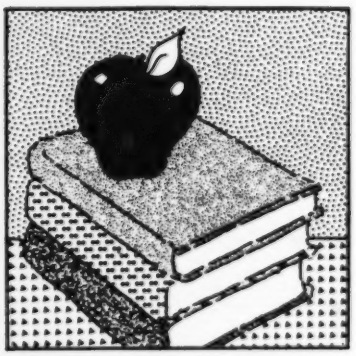
- special fees for a particular course of study (for example, lab fees and fees for required field trips)

- ✧ fees for certain categories of students (for example, graduation fees for students in their last semester)

Fees that are collected by an institution for payment to a third party (such as medical insurance, state licensing fees, or student association membership fees) are *not* included in the fees component. In addition, fees for supplies, kits, books, uniforms, or equipment that will become the personal property of the student cannot be included.

For part-time students, an average of the fees normally charged a full-time student is used. (See the explanation under "Tuition Costs for Part-Time Students" in Section 7.3.1, regarding use of average full-time costs for 3/4- or 1/2-time students. The same principle holds true for fees.)

7.3.3 Allowance for Room and Board, Books, Supplies, Transportation, and Miscellaneous Expenses



This component of the Pell Grant cost of attendance allows for varied institutional and student circumstances. It is more restrictive, however, than the equivalent component for the campus-based and Stafford/SLS/PLUS programs. The ***maximum combined allowance*** for room and board, books, supplies, transportation, and miscellaneous expenses is set by law (see below). However, the aid administrator may establish a specific allowance for each element--for books, for example--within the maximum.

Pell Grant room and board allowances recognize two categories of student living circumstances:

- ✧ students without dependents living at home with parents
- ✧ all other students

These two categories are based solely on living circumstances. They are not determined by dependency status, marital status, or the presence of dependents.

The allowance for books, supplies, transportation, and miscellaneous expenses includes costs for equipment, tools, personal items, textbooks, and travel expenses to and from school. It covers a full academic year and is not to be prorated if the program is shorter or longer than the length of the academic year.

Student's Living Arrangements	Maximum Allowance for 1988-89*
students without dependents living at home with parents:	$1,600
all other students (including those living in institutional housing):	$2,200.

*The maximum cost of attendance allowances in any award year for room and board, books, supplies, transportation, and miscellaneous expenses for the Pell Grant program is determined by the maximum Pell Grant award for that particular award year. If the maximum award is any amount other than $2,300, for instance, the maximum cost of attendance allowances for room and board, books, supplies, transportation, and miscellaneous expenses are increased or decreased by the same dollar amount by which the maximum award is greater or less than $2,300.

7.3.4 Child Care Allowance

The allowance includes those child care costs directly related to the student attending school and may not exceed $1,000 for all dependent children included in the household size.

Dependent Children: For the child care allowance component of the Pell Grant cost of attendance, dependent children are children who are included in the student's household size, and who are below the age at which they can take care of themselves without supervision (in general, 12 years old or less).

7.3.5 Handicapped Student Allowance

There is no fixed maximum allowance for expenses directly related to the cost of attendance for handicapped students. An allowance for special services and equipment needed by a handicapped student are determined by the aid administrator based on the costs actually incurred as a result of attending the institution. The institution may not include such expenses in the student's cost of attendance if payment for such services and equipment is provided by an assisting agency. The institution must justify and document such expenses.

7.3.6 Special Circumstances

Programs of Less Than or More Than an Academic Year

The Pell Grant program cost of attendance is always based on full-time tuition and fees for a full academic year. For programs that are longer or shorter than the institution's defined academic year, the tuition and fees component must be prorated.

Example 4

If a school offers a 1200-hour program, with tuition and fees of $3,000, what is the "full-time, full-year" figure for tuition and fees when a standard academic year is defined as 900 hours?

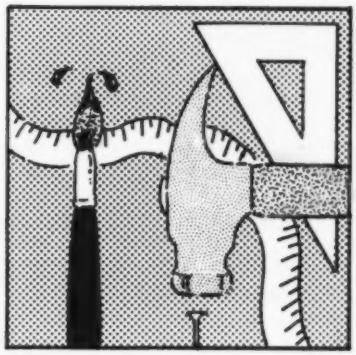
Solution:

$$\$3{,}000 \text{ tuition and fees} \times \frac{900 \text{ hours per academic year}}{1200 \text{ hours program length}} = \$2{,}250$$

$2,250 is the Pell Grant tuition and fees component for each academic year. (Note: The same cost of attendance would be used for the 300 hours remaining in the program following completion of the first 900-hour academic year.)

Example 5

If a 700-hour program is offered, with tuition and fees set at $3,000, what is the full-time, full-year figure for Pell Grant calculations?



Solution:

Pell Grant regulations require using a minimum of 900 clock hours per academic year. In this example, the institution's academic year is defined as 900 hours.

$$\$3{,}000 \text{ tuition and fees} \times \frac{900 \text{ hours per academic year}}{700 \text{ hours in program}} = \$3{,}857$$

$3,857 is the Pell Grant tuition and fees component for one academic year.

Cost of Attendance and Professional Judgment

Based on a student's special circumstances, an aid administrator may make individual adjustments to cost of attendance components. The reasons for such adjustments must be thoroughly documented in the student's file. If an adjustment is made for a student in one budget, such as in the Pell Grant cost of attendance, a corresponding adjustment must be made to the cost of attendance components for the campus-based, Stafford Loan, SLS, or PLUS programs, *if the special circumstances for the individual are applicable to both costs of attendance.* If a corresponding adjustment is not made, the school must document why. In some cases, the special circumstances which warrant a

change in one of the cost of attendance components do not apply to both costs of attendance.

When exercising *professional judgment*, you should keep the federal viewpoint in mind, as described below.

Professional Judgment from a Federal Viewpoint

1. *Prudence:* Professional judgment gives the financial aid administrator much greater discretion over the total amount of federal dollars each student receives. ED expects that aid administrators will use prudence and caution in exercising this discretion.

2. *Case-by-Case Review:* Professional judgment assumes a case-by-case review for those students whose costs or EFCs are changed. A computer may assist the aid administrator in analyzing information to be used in making a professional judgment, but it cannot make the decision--professional judgment is a human activity.

3. *Second-Guessing:* Prudently exercised professional judgment will not be second-guessed by ED's program reviewers.

4. *Documentation:* The need for adequate documentation of professional judgment decisions cannot be overemphasized.

5. *National Standards:* Any national standards on professional judgment should be developed by the financial aid community itself. The NASFAA monograph *Professional Judgment in Need Analysis* is an important focal point for the development of national standards.

6. *Institutional Standards:* Each institution should develop a set of basic principles to ensure consistency among all aid administrators at the institution in making professional judgment decisions.

7. *Self-Policing:* Professional judgment improperly exercised can lead to program abuse. The financial aid community collectively must guard against this abuse.

8. *ED and Congressional Interest:* Both the Department of Education and Congress will be looking at how professional judgment is exercised and whether it is a useful tool when prudently used.

CASE STUDIES FOR THE PELL GRANT COST OF ATTENDANCE

Case 1: Cost of Attendance, Student Living On-Campus

The following are typical student costs for a full academic year found in a college catalogue:

Tuition and required registration fee	$1,130
Required student activities fee	16
Dormitory housing	1,100
Contract Cafeteria	
5-day meal plan	1,200
7-day meal plan	1,400
flex plan	1,300
Books and supplies	250
Personal expenses	700

Construct the Pell Grant cost of attendance for Anthony, a residential (on-campus) freshman student.

Case 2: Student Living With Parents

Anthony decides to move back home to live with his parents for his sophomore year. Construct Anthony's Pell Grant cost of attendance for room and board, books, supplies, transportation, and miscellaneous expenses based on full-time enrollment for a 9-month period.

Case 3: Student With Dependent Child

During his junior year in college, Anthony decides that he must move from his parents' home to off-campus housing because he must support his dependent child, 3-year-old Hugh. Anthony must provide child care for Hugh while he is attending classes and working at the corner convenience store. The least expensive child care facility that Anthony could find charged $1,500 for the 9-month period while Anthony was enrolled in school (for those hours of the week when Anthony was attending classes or studying, not working or socializing).

Construct the Pell Grant cost of attendance for Anthony.

SOLUTIONS TO PELL GRANT CASE STUDIES

In all the cases, remember that the maximum Pell Grant cost of attendance allowance component for room and board, books, supplies, transportation, and miscellaneous expenses is:

- $1,600 for a student without dependents living at home with parents
- $2,200 for all other students

Aid administrators may not exceed these maximum allowances when constructing the Pell Grant cost of attendance components for students attending their institutions.

Solution to Case 1: Anthony's Freshman Year:

Tuition and Mandatory Fees (includes student activities fee)	$1,146
Maximum Pell Grant Allowance for Room and Board, Books, Supplies, Transportation, and Miscellaneous Expenses* (for student not living with parents)	2,200
Pell Grant Cost of Attendance	$ 3,346

*Even though the expenses for room and board, books, supplies, transportation, and miscellaneous expenses are *more* than the $2,200, the aid administrator may use only the $2,200 maximum allowed for this component of the Pell Grant cost of attendance.

Solution to Case 2: Anthony's Sophomore Year:

Tuition and Mandatory Fees (includes student activities fee)	$1,146
Maximum Pell Grant Allowance for Room and Board, Books, Supplies, Transportation, and Miscellaneous Expenses (for student with no dependents living at home with parents)	1,600
Pell Grant Cost of Attendance	$ 2,746

Solution to Case 3: Anthony's Junior Year:

Tuition and Mandatory Fees (includes student activities fee)	$1,146
Maximum Child Care Allowance*	1,000
Maximum Pell Grant Allowance for Room and Board, Books, Supplies, Transportation, and Miscellaneous Expenses** (for student not living with parents)	2,200
Pell Grant Cost of Attendance	$ 4,346

**Although Hugh's child care cost is $1,500, the aid administrator cannot allow more than $1,000, the maximum child care allowance component for all dependent children who are included in the student's household size and for whom the student provides more than half of the support. You may include only those child care costs incurred while Anthony is attending classes at the college or studying, not during his working hours at the convenience store or leisure time.

Case 4: Program Variations at One School

Oakridge Secretarial School has 100 students in three different programs: clerical, bookkeeping, and secretarial. Each program has a different length and tuition cost. The academic year is defined as 900 hours for all programs. All the students are commuters.

Program	*No. of Students*	*Length*	*Tuition and Fees for Program*
Clerical	30	600 hours	$1,000
Bookkeeping	25	900 hours	$2,000
Secretarial	45	1,200 hours	$3,000

Problem 1: What is the prorated Pell Grant tuition and fees component for an academic year for each program?

Problem 2: Determine the Pell Grant COA for an academic year for each program for:
a. students without dependents living at home with parents
b. all other students

Case 5: Finding an Average

Problem 1: Using the information in Case 4, what is the average *unweighted* tuition and fees figure at Oakridge Secretarial School? Using this average Pell Grant figure combined with the standard allowances, what is the average Pell Grant cost of attendance for an academic year?

Problem 2: Using the information in Case 4, what is the average *weighted* tuition and fees figure at Oakridge Secretarial School? Using this average Pell Grant figure combined with the standard allowances, what is the average Pell Grant cost of attendance for an academic year?

Solution to Case 4:*

Problem 1: Prorate each program tuition cost to the cost for a 900-hour academic year.

Program	*Program Cost*		*Academic Year/ Program Length*		*Prorated Tuition and Fee Costs*
Clerical	1,000	x	900/600	=	$1,500
Bookkeeping	2,000	x	900/900	=	$2,000
Secretarial	3,000	x	900/1200	=	$2,250

Problem 2: Determine the Pell Grant cost of attendance for an academic year by adding room and board, books, supplies, transportation, and miscellaneous expenses ($1,600 or $2,200) and the prorated tuition and fees.

Program	*Prorated Tuition Cost*	*Room and Board, Books, Supplies, Transportation, and Miscellaneous Expenses* •Students without Dependents Living at Home with Parents	•All Other Students	*Pell Grant COA*
Clerical	1,500	+ $1,600		= $3,100
Clerical	1,500		+ $2,200	= $3,700
Bookkeeping	2,000	+ $1,600		= $3,600
Bookkeeping	2,000		+ $2,200	= $4,200
Secretarial	2,250	+ $1,600		= $3,850
Secretarial	2,250		+ $2,200	= $4,450

Solution to Case 5:*

Problem 1: Straight (unweighted) average:

Clerical	$1,500
Bookkeeping	2,000
Secretarial	2,250
Total	$5,750

Note: In cases where there are large differences in program costs and wide variations in numbers of students in the programs, an unweighted average may not accurately represent the average cost of attendance at the institution.

There are three programs. $5,750/3 = $1,917 = unweighted average tuition and fees.
The Pell Grant cost of attendance using the unweighted average is $1,917 + 1,600 = $3,517 for students with no dependents living with parents, and $1,917 + $2,200 = $4,117 for all other students.

Problem 2: Weighted average:

Clerical	30 x 1,500 =	$45,000
Bookkeeping	25 x 2,000 =	50,000
Secretarial	45 x 2,250 =	101,250
Total	100	$196,250

There are 100 students. $196,250/100 = $1,963 = weighted average tuition and fees.
The Pell Grant cost of attendance using the weighted average is $1,963 + $1,600 = $3,563 for students with no dependents living with parents, and $1,963 + $2,200 = $4,163 for all other students.

*Child care up to $1,000 and an allowance for special services and equipment for handicapped students may also be included in the Pell Grant cost of attendance.

COST OF ATTENDANCE FOR THE CAMPUS-BASED AND STAFFORD/SLS/PLUS PROGRAMS

7.4 INTRODUCTION TO STUDENT BUDGETS

The terms *cost of attendance, cost of education, student budget,* and *student expense budget* are often used interchangeably in referring to the campus-based and Stafford/SLS/PLUS programs.

Five cost of attendance (COA) components for the campus-based and Stafford/SLS/PLUS programs are specified by law. The dollar values of these components are based on expenses that are directly related to students' educational programs and to the *students'* living expenses for the period of attendance. These components are generally more flexible than the allowable costs for the Pell Grant program. Campus-based and Stafford/SLS/PLUS costs of attendance generally include separate components, where applicable, for:

- Generally, the COA for the campus-based and Stafford/SLS/PLUS programs includes *only the student's living expenses* for the period of attendance. The living expenses of other family members are taken into account in the Congressional Methodology need analysis formula.
- There is one exception--living expenses for dependents of some low-income students may be included in the dependent care allowance (see Appendix B).

- ❖ tuition and fees (includes costs of rental or purchase of any equipment, materials, or supplies required by all students in the same course of study);
- ❖ an allowance for books, supplies, transportation, and miscellaneous personal expenses;
- ❖ an allowance for room and board;
- ❖ an allowance for dependent care expenses; and
- ❖ an allowance for expenses related to a physical handicap that are not covered by another source of assistance.

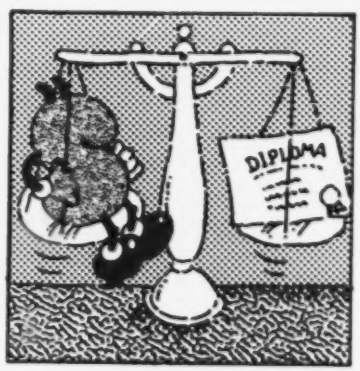
Financial aid administrators have found it helpful to categorize these costs and have developed terms to refer to them which may already be familiar to you. Generally, the terms "institutional expenses" and "direct costs" refer to tuition and fees. "Noninstitutional expenses" or "indirect costs" include books, supplies, room, board, personal expenses, travel costs, and other variables. However, some schools may include room, board, books, supplies, or any combination of these in their institutional charges. These differences often reflect institutional characteristics such as whether the institution provides on-campus room and board. To make this discussion clearer for our readers, we will avoid terms such as "institutional expenses" and will be specific as possible about the various expenses.

To begin development of costs of attendance for the Stafford/SLS/PLUS and campus-based programs, the financial aid administrator must look closely at the student population. Despite the diversity of students at any school, the aid administrator can identify groups of students with similar expenses. Students can usually be divided into groups by considering:

- ✧ living arrangements
- ✧ program of study

If the aid administrator looks at the school's general population, these student categories with similar expense patterns will become evident. One way to start or review the classification process is to ask questions such as the following:

- ✧ Does the institution have different tuition charges based on:
  - program of study?
  - residency (in-state/out-of-state)?
  - enrollment status (one charge for 12-18 credits, or a per-credit-hour charge)?
  - undergraduate and graduate status?
- ✧ Does the institution have:
  - dormitories and cafeteria with various plans for meals?
  - commuting students? If so, is public transportation available?
  - a large number of independent students with children?
- ✧ For students residing off campus in the local community, is it an unusually high-cost area?



Answers to questions like these will help you to develop budgets for common situations at your school. When the various budget types have been identified, an average or standard expense figure for each budget component can be developed.

7.4.1 Enrollment Status

Student costs of attendance depend on the institution's definitions of an academic year and full-time enrollment status. As described previously, the Pell Grant COA is always based on the full-time student, full academic year cost. However, in the campus-based and Stafford/SLS/

PLUS programs, the cost of attendance must be modified if the student is attending part-time by using the actual or average part-time tuition and fees, or by prorating the average full-time tuition and fees.

7.4.2 Underlying Principles

The law specifies a framework for COA components for the campus-based and Stafford/SLS/PLUS programs. To establish its own cost of attendance figures, the institution must determine allowances and other charges. Allowances are not based on an actual charges, but are reasonable amounts allotted to cover most of the student's circumstances. An institution must uniformly apply the appropriate allowances to all students in the specific categories developed by the institution in accordance with the law.

The financial aid administrator should review student budgets to ensure that they reflect current living expenses in the area or region and current tuition, fees, and other charges. From a management standpoint, the use of standardized budgets for categories of students with similar living circumstances will allow an institution to distribute its limited financial aid dollars more equitably. Standardized budgets can be flexible, however, by allowing *adjustments* for individuals with documented unusual circumstances.

For more information on *adjustments*, see pages 10 and 11.

7.5 COA COMPONENTS FOR THE CAMPUS-BASED, STAFFORD, SLS, AND PLUS PROGRAMS

7.5.1 Tuition and Fees

Tuition costs used in the student budget may be actual or average costs. Institutions charging tuition on a per-credit-hour basis may find that it is more realistic to use *actual* tuition charges for each student, since levels of full-time enrollment (12, 15, or 18 credits) will result in differing charges. However, it may be simpler for the aid administrator to calculate separate *average* tuition and fee charges for specific groups of students. For example, nursing and engineering students at your institution may be subject to different average tuition and fees than those in liberal arts.

Q. What are "budget types"?

A. Categories of students with shared and identifiable characteristics, such as living circumstances and tuition and fees. Examples include a budget for students living in campus housing, a budget for students sharing rented housing off campus, etc.

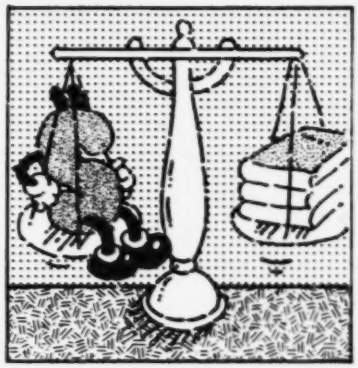
Tuition and fees for part-time students must reflect their enrollment status and may be either actual or average figures (see Section 7.4.1). For examples of finding weighted and unweighted averages, please review Section 7.3.1 and Case Study 5. The method of arriving at an average figure for tuition and fees is the same as in the Pell Grant cost of attendance.

7.5.2 Allowance for Books, Supplies, Transportation, and Miscellaneous Personal Expenses

Books and Supplies

Book and supplies costs should be realistic figures for the enrollment period covered by the budget. The purchase of equipment required in a student's program of study (such as laboratory instruments, required tools, or rental uniforms) may also be included.* The average allowance for books and supplies may vary according to the program of study. For example, health profession programs may require a different average allowance than liberal arts programs.

*For students receiving all or part of their instruction by means of telecommunications technology, no distinction shall be made with respect to the mode of instruction in determining costs, but any allowance may not include the cost of rental or purchase of equipment.



Average expenses for books and supplies can usually be obtained from the campus bookstore manager. Costs for special groups of students (e.g. nursing, engineering, or art students) could be compared to identify those groups for which separate budget averages should be used. If the institution is small and does not have a college bookstore, information can be collected from the program director, faculty, or staff member who orders books and training materials for the institution.

Transportation

For students whose homes are more than commuting distance from the school, the travel allowance may include the cost of two or three round trips to the student's home. The allowance may be figured for travel by common carrier, economy class.

For students living off campus, the actual or average commuting costs by public transportation may be used. If public transportation is not available, a mileage allowance may be developed. Transportation costs may also include tolls, campus parking fees, and required automobile registration and insurance.

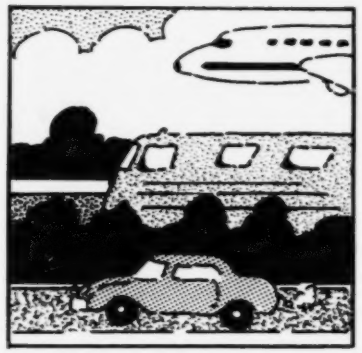
The cost of *purchasing an automobile,* even on a commuter campus, is not considered an acceptable transportation expense for student budgets.

Car payments, as such, are not allowable expenses in the COA. However, as provided in 34 CFR 682.200, reasonable transportation and commuting costs may be included in a student's budget. If the aid administrator considers, for example, that $160 per month is a reasonable transportation allowance for a particular student, this amount may be built into a student's budget. The prohibition in the regulations is intended to prevent the entire purchase price of an automobile being included in a student's budget.

By statute, you may include other travel costs required to complete a program of study. For example, a nursing program might require in-service training at a local hospital that is some distance from the campus. The nursing students' budget could include this additional transportation requirement. Also, the cost of transportation to and from a required "resident training" portion of a correspondence program may be included in a correspondence student's budget.

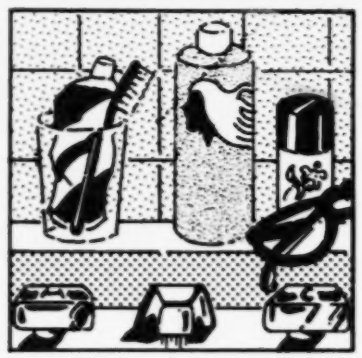
Sources of information for determining the transportation allowance include:

- ✧ airline, train, or bus rates for round-trip travel to the student's home (economy or coach fares)
- ✧ bus and subway rates published by the local transit authority (there may be special round-trip, monthly, or student rates)
- ✧ standard cost figures provided by the need analysis service agencies
- ✧ the mileage allowance published by the IRS
- ✧ your institution's mileage allowance for employee travel
- ✧ data provided by agencies (such as the American Automobile Association) on transportation expenses within a given area



Miscellaneous Personal Expenses

The allowance for a student includes personal grooming items (soap, shampoo, deodorant, etc.), laundry, clothing, recreational, medical, and dental expenses for the applicant. Items included in personal and miscellaneous expenses usually depend upon whether the student lives in the parent's home or in other housing. Personal grooming items are included in any situation. However, laundry and clothing costs are generally not included in the budget of a dependent student living at home--they are assumed to be covered within household expenses.

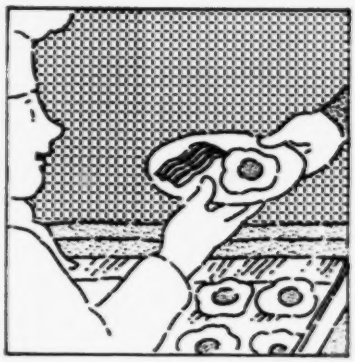


Average costs of medical care, including insurance, can be obtained from local insurance and health care providers and the Bureau of Labor Statistics. If the school charges mandatory medical and health insurance fees, this information would be included in the institution's schedule of fees.

7.5.3 Allowance for Room and Board

For the campus-based and Stafford/SLS/PLUS programs, the law provides for *three* different types of living circumstances for students. The allowances for room and board costs incurred by students are:

In contrast to the campus-based and Stafford/SLS/PLUS programs, the law specifies only *two* room and board categories for the Pell Grant program.



- for students without dependents living at home with parents, not less than $1,500
- for students without dependents living in institutionally owned or operated housing, a standard allowance based on the amount normally assessed most of its residents for room and board for the standard academic year (usually for the cost of a double room)
- for all other students, an allowance based on the expenses reasonably incurred by such students for room and board, but not less than $2,500

Budget types developed by the institution must fall into one of these categories.

The room and board budget allowance for a married student's budget would include *only the student's cost* for room and board, transportation, miscellaneous and personal expenses, etc., incurred by the student. The cost of living expenses for the student's spouse, for instance, would not be included in this case. Remember, only the expenses incurred by the individual student may be included in the budget.*

*Exception: Living expenses for dependents of some low-income students may be included in the dependent care allowance (see Appendix B).

Period Covered by the Room and Board Component

Room and board allowances are computed for the *enrollment period*--the number of months the student is in school during an academic year. At many institutions this will be for 9 months--two semesters, two trimesters, or three quarters. At institutions without standard terms, monthly living expenses can be used to determine the room and board costs for the academic year and for the number of months in each program offered.

Periods of Nonenrollment: For a student employed under the CWS program during the summer, room and board costs *related to holding the employment* may be included in the COA.

For students who: (1) live with parents, (2) live in on-campus housing, or (3) rent off-campus housing during a 9-month academic year, the budget covers the 9-month period. The Congressional Methodology formula assumes that dependent students' living expenses will be covered by the family for periods when they are not enrolled. If a student is independent of parental support, the aid administrator must develop a budget for the defined academic year, usually a 9-month enrollment period.

Determining Living Expenses

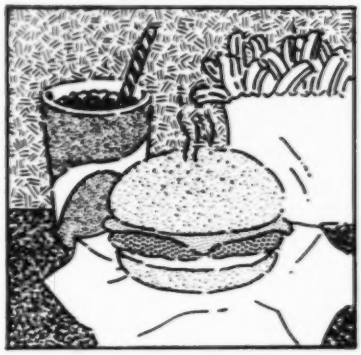
For students living in campus housing, charges are listed in campus publications. The cost of attendance usually includes the cost of a double room for the standard academic year.

For students living off campus but not with their parents, the cost of housing usually centers around rental rates for apartments or group housing. In determining the cost of rental housing in your area, the following resources can provide the necessary data for analysis and documentation purposes:

- a survey of student housing costs
- newspaper advertisements and rental agency listings for one-, two-, and possibly three-bedroom apartments and houses to share
- local student financial aid association research on expenses
- comparative data from other nearby institutions that draw students from the same geographic area
- cost data provided by the need analysis service agencies such as the American College Testing Program, the College Scholarship Service, and state application processing services
- Bureau of Labor Statistics data
- cost data provided by local or state government agencies

Although a housing expense is usually treated as a rent allowance, some institutions develop a mortgage allowance. The support of a student asset (such as a home) is not the intent of student financial aid programs, and for this reason the amount of the mortgage expense allowed is usually comparable to the local rental market.

A combination of the resources listed below should provide adequate information to determine costs for off-campus food, household supplies, and personal expenses:



- a student survey
- local financial aid association research
- comparative data from other institutions
- a "market-basket" priced at local stores
- cost data provided by need analysis service agencies
- Bureau of Labor Statistics data

Student survey data may reflect choices of lifestyle, and some items or amounts may push the average personal expense figure to more than a conservative level. To ensure that your figures are reasonable, it is advisable to compare the survey results with the personal expense figures published by need analysis service agencies.

7.5.4 Allowance for Dependent Care Expenses

Applicants with dependents may be provided with an allowance for dependent care in their COA *only when the dependent care is necessary to enable the student to attend school*. For the purposes of the campus-based and Stafford/SLS/PLUS programs, dependents may include *children and infirm relatives*. In these circumstances, an adequate allowance, as determined by the institution, may be provided for dependent care for the budget period.

- The definition of *dependent* in the campus-based and Stafford/SLS/PLUS COA includes ***children and other dependents***. However, the Pell Grant COA provides only for dependent ***child*** care.

Some important resources for determining an average cost of dependent care include:

- public or private off-campus care facilities
- the institution's schedule of fees for on-campus child care

- Living expenses for dependents of some low-income students may be included in the dependent care allowance for the campus-based and Stafford/SLS/PLUS COA. See Appendix B and Module 8 for more details.

- ✧ average number of hours of care per week per dependent

- ✧ local social service agencies and child care services

7.5.5 Allowance for Handicapped Student Expenses

Handicap-related expense allowances are added to a student's budget on a case-by-case basis. They generally include transportation, equipment, supplies, and special services--costs related to the handicap but not covered by other agencies. Source documents, such as bills or itemized statements from the medical provider, are submitted to the aid administrator by the student to verify expenses.

Normally, standard budget expense categories for handicap-related expenses are developed only by institutions with significant numbers of handicapped students. For example, a school may offer programs which provide readers for sight-impaired students at a standard fee. This standard charge could be included in the student budgets of sight-impaired students, and would most likely appear in the institution's schedule of fees. The aid administrator must be aware of agencies which provide assistance to handicapped students and must take precautions to avoid duplication of such resources.

7.5.6 Correspondence Courses of Study

The cost of attendance for a student enrolled in correspondence study includes tuition, fees, and books and supplies. These costs are calculated on an individual basis and must reflect actual costs. For a required period of residential training, the cost of attendance may include the costs generally required for travel and room and board.

7.6 COST OF ATTENDANCE MODIFICATIONS

Campus-based and Stafford/SLS/PLUS costs of attendance are modified to reflect:

- ✧ attendance for less than a full academic year

- ✧ programs of study that exceed the academic year

- ✧ part-time enrollment status

Methods of modifying costs of attendance for these situations are outlined more fully below. Modifications should not be confused with *adjustments*, which are based on professional judgment.

7.6.1 Modifications for Less-Than-Full-Year Attendance

Enrollment for less than a full academic year must be reflected in the student's campus-based or Stafford/SLS/PLUS budget. The cost of attendance must cover *only* the period of enrollment.

Term-Based Programs

A full-time student enrolled for one semester could have one-half the standard budget for the academic year. If the figure for tuition, fees, and books and supplies for full-time attendance plus living expenses were equal to $7,000 per academic year, the student budget for one semester would be $3,500. Similar modifications could be made at institutions on trimester or quarter systems.

Nonterm Programs

In a program without standard terms, the number of months in the program is the standard of reference. The figures for tuition, fees, and books and supplies for the program would be added to living expenses for the number of months or weeks in the program. If the standard budget was developed for a 9-month program, living expenses for a 6-month program would be 6/9 of the standard budget component. In this way, the student budget is adapted to the length of the program.

Example 6

Living expenses for an off-campus student are $6,300 for a 9-month program. What would the living expenses be for an off-campus student in a 7-month program?

Solution:

$$\$6{,}300 \text{ for first program} \times \frac{\text{7 months in second program}}{\text{9 months in first program}} = \$4{,}900$$

The living expenses figure for a student in the second program would be 7/9 of $6,300, or $4,900.

COA Adjustments Based on Professional Judgment

The aid administrator should be sensitive to the potential need for *adjustments* justified by special circumstances that affect educational costs. When special circumstances exist, the aid administrator may exercise professional judgment in adjusting the COA. All adjustments require thorough documentation on a case-by-case basis.

For example, suppose your school is the only one of its kind in the area, and some students will be commuting further than the distance used in the standard transportation allowance. In this case, the distances actually traveled by these students could support adjustments to the transportation component of their costs of attendance.

For more information on adjustments, see pages 10 and 11.

7.6.2 Modifications for Programs of Study Which Exceed the Institution's Academic Year

Term-Based Programs

In cases where students attend summer school in addition to attendance during the regular academic year, the standard budget for the academic year should be modified. Costs for tuition, fees, and books and supplies for summer school would be added to the standard academic year figures, and the additional living expenses would be calculated.

Nonterm Programs

If your institution has a clock-hour program of study whose length exceeds the standard academic year, you must determine the portion of the program's total tuition and fees that corresponds to an academic year. This portion would be the tuition and fee component of the student expense budget. To compute this figure, use the following formula:

$$\text{Tuition and Fees (total for program)} \times \frac{\text{number of clock hours in the institution's academic year}}{\text{number of clock hours in the program}} = \text{Tuition and Fees for an academic year}$$

Example 7

A proprietary school with a 900 clock-hour academic year has a program of 1500 clock hours with total tuition and fees of $5,400. What figure would be used for tuition and fees for the academic year?

Solution:

We can use the formula shown above to compute the percentage of the program's total $5,400 tuition and fees that would be used for an academic year.

$$\$5{,}400 \times \frac{900 \text{ (academic year)}}{1500 \text{ (program length)}} = \$3{,}240$$

The modified figure for tuition and fees ($3,240), plus the other components for the academic year, make up the student cost of attendance. The remaining tuition and fees

($2,160) and other costs for the months after the academic year would form part of the student costs for the following award year.

7.6.3 Tuition Modification for Part-Time Enrollment Status: Term-Based Institutions

Tuition and fees must be adapted to less-than-full-time costs for students enrolled on a part-time basis at term-based institutions. These enrollment status adjustments are *mandatory*.

If part-time status is anticipated at the time of awarding, this modification should be made immediately. However, routine procedures should be in place to check that the courseload a student actually carries does not differ from what was anticipated on the aid application (due to adding or dropping courses). If the courseload has changed, the student's expenses will change accordingly. The aid office must monitor such changes in enrollment.

In most cases, tuition, fees, and books and supplies are the only costs that are affected by part-time status. Living expenses are not usually modified. The aid administrator may wish to reduce the transportation component if a part-time student resides off campus and makes fewer round trips to campus than full-time students. In most cases, however, living expense components for part-time enrollment will be identical to those for full-time enrollment.

7.7 DATA COLLECTION: METHODS AND SOURCES

7.7.1 Documentation

Any figures used in either standard or individualized estimated costs of attendance must be justified and documented. Documentation means written statements explaining the aid administrator's logic and/or steps taken to reach a specific decision. The institution must keep on file sufficient data in support of student expenses to verify that the figures used are adequate, conservative, and appropriate to student circumstances.

Estimated costs should be reasonable and adequate but conservative. They must be justified by documentation kept in the financial aid office.

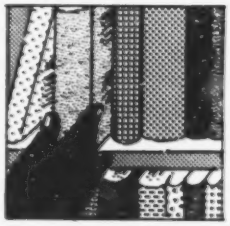
7.7.2 Publications

Many aid administrators do extensive budget research to customize their budgets to reflect local costs. There are, however, standard student expense figures prepared by the need analysis service agencies which may be used. Both the American College Testing Program (ACT) and the College Scholarship Service (CSS) provide 9-month student living expenses based on the Bureau of Labor Statistics lower budget standard.

ACT: *Handbook for Financial Aid Administrators 1988-89 Academic Year*

CSS: *CSS Manual for Student Aid Administrators: 1988-89 Policies and Procedures*

In addition, CSS publishes National Median Expense figures based on its annual Student Expense and Resource Survey. Your office may use these standard figures to budget living expenses, or may use the information for items that are difficult to research. For instance, you may decide to use standard figures for miscellaneous personal expense allowances, while transportation, housing, etc. are researched locally.

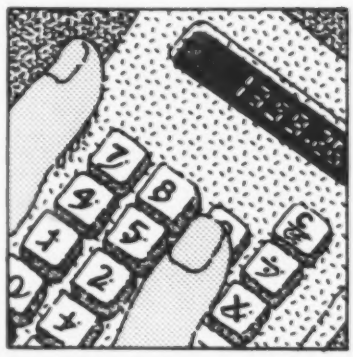


7.7.3 Local Surveys and Comparisons

If the institution does its own research to determine average costs, it is advisable to review several sources. This supports the accuracy (or confirms the reliability) of expense components. Budget figures should always reflect current educational and living expenses. Review and updating of each component should take place each year.

The following list shows some typical sources of expense information and cost verification:

- ✧ the institutional schedule of charges, such as tuition, fees, and room and board contracts
- ✧ student expense data provided by need analysis service agencies
- ✧ the institution's mileage allowance for administrative travel
- ✧ the IRS mileage allowance
- ✧ the institution's book and supply requirements by program, year in school, or other classification
- ✧ comparative budget data from other institutions
- ✧ local real estate boards' rental housing figures



- sample shopping lists compiled by the financial aid office and priced at a local store (e.g. personal items, food, household supplies, and art supplies)

- a student expense survey for all students, including those not receiving financial aid

- a student expense survey conducted by a local or regional student financial aid association

Case 6: Tuition and Fees Calculation, Semester Institution Marge Moore, the aid administrator at Hometown U., has decided to use average tuition and fee costs for her student expense budgets.

Undergraduate Student Tuition	*Part-Time (less than 12 credits)*	*Full-Time (12-18 credits)*	*Full-Time (over 18 credits)*
In-State Resident	$107/cr.hr.	$1,275 per semester	$1,275/semester +$107/cr.hr. over 18 cr.
Out-Of-State Resident	$282/cr.hr.	$3,380 per semester	$3,380/semester +$282/cr.hr. over 18 cr.
Graduate Student Tuition			
In-State Resident	$150/cr.hr.	$1,800 per semester	$1,800/semester +$150/cr.hr. over 18 cr.
Out-Of-State Resident	$325/cr.hr.	$3,900 per semester	$3,900/semester +$325/cr.hr. over 18 cr.

Required Fees	*Part-Time (4-11.5 credits)*	*Full-Time (12 or more credits)*
Comprehensive Fee	$40.00	$60.00
Library Bond Fee	—	18.00
Gym Bond Fee	—	25.00
Health Service Fee	—	60.00
Student Activity Fee	18.50	18.50
Nursing Lab. Fees (undergraduate only)	—	125.00

Other Fees
Late Registration Fee $10.00
Late Payment Fee $50.00
Accident & Sickness Insurance (optional) $110.00 (per year)
Inter-Residence Association Fee (on-campus students only) $5.00

The above schedule of tuition and fees is for Fall Semester 1988 only. As COA components are calculated for an academic year, tuition and fees must be adjusted to reflect academic year expenses. Hometown U. is a credit-hour school using standard terms (semesters). The academic year is September to May.

Problem 6A: Does Hometown U. have different tuition rates that require separate tuition averages?

Problem 6B: Are there other program variables that may justify modifications for specific academic programs?

Problem 6C: What is the average courseload and resulting tuition and fees for the majority of students at Hometown U.? Marge has determined from institutional research that 15 credit hours is the average undergraduate academic courseload, and 12 credit hours is the average graduate courseload.

Solution to Case 6A: Yes. The variations are shown in the charges for in-state and out-of-state students, and for undergraduate and graduate students.

Solution to Case 6B: Yes. Students in the *Nursing program* are charged $250 per academic year in nursing laboratory fees. This, added to other required fees, represents a significant cost difference.

Solution to Case 6C: *Step 1.* Calculate average tuition costs for the academic year.

undergraduate/in-state (15 hrs.):	$1,275 x 2 sems. = $2,550
undergraduate/out-of-state (15 hrs.):	$3,380 x 2 sems. = $6,760
graduate/in-state (12 hrs.):	$1,800 x 2 sems. = $3,600
graduate/out-of-state (12 hrs.):	$3,900 x 2 sems. = $7,800

Step 2. Determine average fee costs for academic year and separate required fees from optional fees.

Required fees (undergraduate and graduate students):

Comprehensive Fee	$60.00 x 2 sems. =	$120.00
Library Bond Fee	18.00 x 2 sems. =	36.00
Gym Bond Fee	25.00 x 2 sems. =	50.00
Health Service Fee	60.00 x 2 sems. =	120.00
Student Activity Fee	18.50 x 2 sems. =	37.00
		$363.00

A student who is *not* in the Nursing program would pay $363.00 per year in required fees.

However, for students in the *Nursing program:*

Required Fees		$363.00
Nursing Lab Fees	$125 x 2 sems.	250.00
		$613.00

So a student in the Nursing program would pay $613 per year in fees.

Step 3. Compute average tuition and fee budget categories.

a. Undergraduate (in-state)

Tuition	$2,550
Fees	363
Total	$2,913

b. Undergraduate (out-of-state)

Tuition	$6,760
Fees	363
Total	$7,123

c. Graduate (in-state)

Tuition	$3,600
Fees	363
Total	$3,963

d. Graduate (out-of-state)

Tuition	$7,800
Fees	363
Total	$8,163

e. Nursing (in-state)

Tuition	$2,550
Fees	613
Total	$3,163

f. Nursing (out-of-state)

Tuition	$6,760
Fees	613
Total	$7,373

Case 7: Tuition and Fees Calculation, Clock-Hour Institution Dave Brown, the aid administrator at Metropolitan Secretarial School (MSS), is reviewing his tuition and fee schedule to determine tuition and fees for three programs: the Word Processing, Office Administration, and Executive Secretarial Certificate programs. What averages would he use for *each* of these programs for the academic year? (MSS has defined its academic year as 900 clock hours.)

Tuition

Word Processing Certificate program (600 clock hours)	$2,800
Office Administration Certificate program (900 clock hours)	$3,600
Executive Secretarial Certificate program (1,500 clock hours)	$4,800

Required Fees (charged once for each program)

Curriculum Fee	$60
Library Fee	25
Laboratory Fee*	30 (per applicable course)
Student Activity Fee	15

Students in Word Processing:*	2 required laboratory courses
Students in Office Administration:	4 required laboratory courses
Students in Executive Secretarial:	4 required laboratory courses

Case 8: Other Components of Cost of Attendance Marge Moore of Hometown U. (Case 6) and Dave Brown of Metropolitan Secretarial School (Case 7) have computed tuition and fees averages. They have also completed their annual budget research. By coincidence, they arrived at the same figures for living expenses (see the figures in Chart A).

CHART A: LIVING EXPENSES BY BUDGET TYPE (9-MONTH BASIS)

Budget Types	*Living With Parents, No Dependents*	*Living In School Owned/Operated Housing, No Deps.*	*All Other Students*	
			No Dependents	*With Dependents*
Books/Supplies	$ 400	$ 400	$ 400	$ 400
Room/Rent	1,100	1,400	2,400	2,400
Board	400	1,300	1,400	1,400
Transportation	400	0	400	400
Misc. Personal Exp.	400	600	700	700
Medical/Dental	0	250	300	300
Dependent Care	0	0	0	1,200
	$2,700	$3,950	$5,600	$6,800

Using the chart above and information from Cases 6 and 7, determine the student costs that will be needed by Marge Moore (**Case 8A**) and Dave Brown (**Case 8B**) for students not living in institutionally owned or operated housing. Consider only in-state students who do not have dependents.

Solution to Case 7: To solve the problems presented in this case study, we first check whether there are tuition variables. In this case study, there are such variables--the tuition varies depending on the program of study.

Next, we check whether any programs exceed the standard academic year. In this case study, the Executive Secretarial Certificate Program is 1,500 hours. The tuition and fees for this program must be prorated to an amount that would be charged for the standard academic year (900 hours).

Solution for the Executive Secretarial program.

Tuition for the entire program:		$4,800
Required fees for the entire program:	Curriculum Fee	60
	Library Fee	25
	4 Lab. Courses 4 x 30 =	120
	Student Activity Fee	15
Total:		$5,020

Tuition and Fees prorated for one academic year:

$$\$5{,}020 \times \frac{\text{900 clock hours in academic year}}{\text{1,500 clock hours in program}} = \$3{,}012 \text{ tuition \& fees per academic year}$$

Solution for the Word Processing Certificate program.

Tuition:		$2,800
Fees:	Curriculum Fee	60
	Library Fee	25
	2 Lab. Courses 2 x 30 =	60
	Student Activity Fee	15
Total:		$2,960

Solution for the Office Administration Certificate program.

Tuition:		$3,600
Fees:	Curriculum Fee	60
	Library Fee	25
	4 Lab. Courses 4 x 30 =	120
	Student Activity Fee	15
Total:		$3,820

Solution to Case 8A: Student Budgets Established by Marge Moore for Hometown University

1. Living At Home With Parents, No Dependents

In Case Study 6, Step 3, we calculated the necessary figures for average tuition and fees. Step 3a, for example, shows an average of $2,913 for tuition and fees for an in-state undergraduate (non-Nursing) student. From the second column of Chart A, the living expenses for a single student living with his or her parents will total $2,300. We add these two figures to obtain the student budget--$5,213--shown in the first column below. The other student budgets are computed in a similar manner.

Undergrads	Graduates	Nursing	
$2,913	$3,963	$3,163	Tuition & Fees (In-State)
2,700	2,700	2,700	Living Expenses
$5,613	$6,663	$5,863	Student Budgets

2. Not Living In School Owned/Operated Housing Or With Parents, No Dependents

Undergrads	Graduates	Nursing	
$2,913	$3,963	$3,163	Tuition & Fees (In-State)
5,600	5,600	5,600	Living Expenses
$8,513	$9,563	$8,763	Student Budgets

Solution to Case 8B: Student Budgets Established by Dave Brown for the Metropolitan Secretarial School

1. Living At Home With Parents, No Dependents

600, 900, and 1,500 clock-hour certificate programs of 6, 9, and 15 months

a. Word Processing program: 600 hours in 6 months

$$\frac{6}{9} \times \text{living expenses} = \frac{2}{3} \times \$2{,}700 = \$1{,}800$$

Tuition & Fees	$2,960
Living Expenses	1,800
Student Budget	$3,760*

b. Office Administration program: 900 hours (a full academic year) in 9 months

Tuition & Fees	$3,820
Living Expenses	2,700
Student Budget	$6,520

c. Executive Secretarial program: only 900 hours of the full 1,500 hours included in this academic year's budget

Tuition & Fees	$3,012
Living Expenses	2,700
Student Budget	$5,712

2. *Not Living In School Owned/Operated Housing Or With Parents, No Dependents*

600, 900, and 1,500 clock-hour certificate programs of 6, 9, and 15 months

a. Word Processing program: 600 hours in 6 months

$\frac{6}{9}$ x living expenses = $\frac{2}{3}$ x $5,600 = $3,734

Tuition & Fees	$2,960
Living Expenses	3,734
Student Budget	$6,694

b. Office Administration program: a full academic year in 9 months

Tuition & Fees	$2,960
Other Expenses	5,600
Student Budget	$8,760

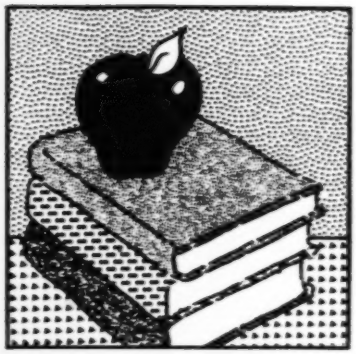
c. Executive Secretarial program: only 900 hours of the full 1,500 hours included in this academic year's budget

Tuition & Fees	$3,012
Other Expenses	5,600
Student Budget	$8,612

SUMMARY

This module has discussed the two approaches to determining the cost of attendance (student budget). The two methods were compared and contrasted in the first chapter of this module.

The Pell Grant method of calculating the COA encompasses four elements, each of which is strictly defined by law. These elements, described in detail in the second chapter, are: (1) tuition and fees; (2) an allowance for room and board costs, books, supplies, transportation, and miscellaneous expenses; (3) an allowance for child care expenses; and (4) an allowance for handicapped student expenses.



The method of determining the cost of attendance in the campus-based and Stafford/SLS/PLUS programs was explained in the third chapter. It has five components specified by law: (1) tuition and fees; (2) an allowance for books, supplies, transportation, and miscellaneous personal expenses; (3) an allowance for room and board; (4) an allowance for dependent care expenses; and (5) an allowance for handicapped student expenses.

The method used in establishing the cost of attendance for the campus-based and Stafford/SLS/PLUS programs offers the financial aid administrator more flexibility in setting allowances to meet students' educational costs. Therefore, the institution must carefully establish such cost of attendance components in accordance with the law.

POST-TEST

1. The aid administrator always has the following options when determining allowable costs for student budgets: (circle all that apply)

   a. use of actual costs
   b. documentation of costs
   c. use of the same average costs for undergraduate, graduate, and professional students
   d. use of average costs

2. The maximum cost of attendance in *any given award year* for room and board, books, supplies, transportation, and miscellaneous expenses for the Pell Grant program is:

   a. equal to the actual cost of living expenses for different categories of students as determined by an institutional survey of the student body
   b. calculated with the Pell Grant Family Contribution Schedule
   c. based on the maximum Pell Grant award for that award year
   d. set by the Department of Education's Office of Student Financial Assistance

3. After careful study, the aid administrator of Ludwig's School of Art and Design has concluded that first-year students are required to spend $400 more on art supplies than students in succeeding years. When constructing student budgets for the campus-based and Stafford/SLS/PLUS programs, the aid administrator may: (circle all that apply)

   a. establish a separate budget category for first-year students with documentation of expenses
   b. average the amounts paid for supplies and include this figure in student budgets for all students
   c. use the higher supply figure for all students
   d. none of the above

4. In compiling cost of attendance figures for the campus-based and Stafford/SLS/PLUS programs, the aid administrator should:

   a. rely on student information only
   b. rely on one source only
   c. collect and compare data from several sources
   d. none of the above

5. Campus-based and Stafford/SLS/PLUS cost of attendance components should be reviewed:

   a. annually
   b. every 2 years
   c. every 3 years
   d. every 5 years

6. If a student lives alone in an off-campus apartment, the maximum Pell Grant cost of attendance component for room and board, books, supplies, transportation, and miscellaneous expenses will be:

   a. $1,100
   b. $1,500
   c. $1,600
   d. $2,500
   e. none of the above

7. At the Carlos Beauty School the tuition is $6,000 for a 1200 clock-hour certificate program. A standard academic year is 900 clock hours. In constructing the Stafford/SLS/PLUS cost of attendance, what would be the tuition figure for the first academic year?

   a. $6,000
   b. $9,000
   c. $3,000
   d. $4,500

8. In the Pell Grant cost of attendance, the aid administrator always uses full-time costs. True or False?

9. Tuition in the Pell Grant cost of attendance must always be the actual tuition charged to each student. True or False?

10. Which of the following items are specifically included in the Pell Grant cost of attendance? (circle all that apply)

    a. tuition and fees
    b. room and board, books, supplies, transportation, and miscellaneous expenses
    c. clothing allowance
    d. medical/dental expenses
    e. child care allowance
    f. average utility and telephone costs
    g. handicapped student allowance

11. For students living at home with parents, an allowance for room and board expenses is not included in the Pell Grant cost of attendance. True or False?

12. Which of the following fees may *not* be included in the Pell Grant cost of attendance? (circle all that apply)

    a. required supplies (art supplies, tools, and equipment)
    b. lab fees
    c. uniforms (purchased by the student)
    d. parking fees required for commuter students
    e. activity fees
    f. library fines

ANSWERS

1. a. and d. The aid administrator has the option of using actual or average costs in constructing student expense budgets. Documentation of costs which comprise an institution's budgets is always required. (For more information, see Sections 7.3.1 and 7.5.1.)

2. c. The maximum cost of attendance allowance in any award award year for room and board, books, supplies, transportation, and miscellaneous expenses for the Pell Grant program is determined by the maximum Pell Grant award in any award year. (7.3.3)

3. a. and b. The aid administrator has the option of recognizing actual or average costs in all student expense categories. Separate averages can be developed for other distinct classifications upon which to base tuition and fee charges. The use of averages can mean one average allowance for all students or separate averages to recognize higher costs for some categories of students, such as first-year students. (7.5, 7.5.2)

4. c. Collect and compare data from several sources. There are numerous data sources and collection methods available to the aid administrator for developing costs of attendance. Sources vary from nationwide statistics to localized student data submitted on a survey or questionnaire. Since none of these sources alone will provide a complete or totally accurate picture of student expenses, an aid administrator should utilize and compare data from several sources in developing cost of attendance components. (7.7.2, 7.7.3)

5. a. To ensure that cost of attendance components reflect the most current educational and living expenses, a review of supporting data should be done annually. (7.7.3)

6. e. The maximum Pell Grant cost of attendance allowance for room and board, books, supplies, transportation, and miscellaneous expenses for students not living with parents is $2,200 for 1988-89. The maximum allowances for other award years will vary depending on the maximum Pell Grant award. For more information, see Section 411 F of the Higher Education Amendments of 1965, as amended. (7.2)

7. d. Since the 1200 clock-hour certificate program is longer than the institution's defined academic year, you must determine what portion of the program's total tuition and fee costs would correspond to an academic year before constructing the cost of attendance for this program. The percentage is calculated using the following formula:

tuition & fees for program	x	clock hours in academic year / clock hours in entire program	=	tuition & fees for an academic year

$$6000 \times \frac{900}{1200} = \$4,500$$

(7.3.6, 7.6.2)

8. True. The aid administrator always works with full-time cost amounts for a full academic year. Other procedures affecting payment take into consideration less-than-full-time or less-than-full-year enrollment. (7.2.1, 7.2.2)

9. False. The aid administrator may use either actual or average full-time tuition and fee charges in calculating the Pell Grant cost of attendance for full-time students. For part-time students, the cost of attendance is based on the average tuition and fee costs for full-time students. (7.3.1, 7.3.2)

10. a., b., e., and g. The four basic components which make up the Pell Grant cost of attendance are: (1) tuition and fees; (2) an allowance for room and board, books, supplies, transportation, and miscellaneous expenses; (3) a child care allowance; and (4) an allowance for handicapped student expenses. (7.1, 7.3)

11. False. For students without dependents living at home with their parents, the maximum Pell Grant allowance for room and board, books, supplies, transportation, and miscellaneous expenses is $1,600 for 1988-89. For all other students, the allowance is $2,200 for 1988-89. (7.2)

12. a., c., d., and f. Allowable fees for the Pell Grant are always mandatory fees charged to all students or to all students in a program category. The fees must not include equipment, supplies, etc. which will remain in the student's possession. (7.3.2)

Questions: 12 Your Score: Percentage:

academic year	(a) A period of time in which a full-time student is expected to complete at least the equivalent of 2 semesters, 2 trimesters, or 3 quarters at an institution measuring in credits and using a semester, trimester, or quarter system; (b) 24 semester hours or 36 quarter hours at an institution using credit hours and not using a semester, trimester, or quarter system; (c) at least 900 clock hours at an institution using clock hours.
acceptable documentation	When referring to verification, or when decisions are made regarding student data, acceptable documentation means written documents which substantiate the information reported on a student aid application, such as the U.S. income tax return, and signed statements from the applicant and the applicant's family. Federal regulations list documents which are acceptable proof of the accuracy of applicant data.
average tuition and fees	The average full-time tuition and fee costs for specific groups of students. Averages for residency-based classifications of students may be developed. For campus-based programs, separate averages may be developed for undergraduate, graduate, and professional students.
award year	The period of time between July 1 of one year and June 30 of the following calendar year.
board	Cost of food allowance or meal plan.
campus-based programs	The term that is applied to three federal Title IV student aid programs administered by eligible institutions of postsecondary education. These programs are the Perkins Loan (formerly National Direct Student Loan), College Work-Study, and Supplemental Educational Opportunity Grant programs.
clock hour	The equivalent of *either* a 50- to 60-minute class, lecture, or recitation *or* a 50- to 60-minute faculty-supervised laboratory, shop training, or internship.
correspondence course or program	A course or program of study completed in written lessons, outside a normal institutional setting. Some correspondence programs require a period of residential training.
cost of attendance (COA)	Those charges and allowances established by the institution that are applicable to students for attendance for one academic year. Generally, the COA includes tuition and fees; allowances for room and board, books, supplies, transportation and miscellaneous expenses, child care, dependent care, and certain handicap-related expenses. There are significant differences between these

components in the Pell Grant and campus-based/Stafford/SLS/PLUS programs. See Sections 411F and 472 of the Higher Education Act of 1965, as amended, for provisions on establishing institutional costs of attendance. The term *cost of attendance* is often used interchangeably with *cost of education*.

cost of education — See **cost of attendance**. The term *cost of education* is often used interchangeably with *cost of attendance* . Prior to the 1988-89 award year, the Pell Grant program had a specific definition of *cost of education*.

dependent student — A student who does not satisfy any of the criteria for an **independent student** must be classified as an dependent student for the purposes of federal Title IV financial aid.

dependents — Spouse, children, and other household members for whom the parent or aid applicant provides more than half support.

documentation — Written statements explaining the logic and/or the steps followed which resulted in a specific action taken, given the particular set of circumstances. (See **acceptable documentation**.)

enrollment status — At those institutions using semesters, trimesters, quarters, or other academic terms and measuring progress by credit hours, enrollment status equals a student's credit-hour courseload categorized as either full-time, three-quarter time, or half-time. Clock-hour schools and schools using credit hours but not standard terms must ensure that Pell Grant and Stafford Loan/SLS/PLUS recipients meet the minimum half-time enrollment requirement, but these schools are not required to determine three-quarter or full-time enrollment status.

expected family contribution (EFC) — The figure which indicates how much of a family's financial resources should be available to help pay the expenses of postsecondary education. This figure is determined according to statutory formulas. The Pell Grant program calls the EFC the *Student Aid Index (SAI)*. The Congressional Methodology calls the EFC *the Family Contribution (FC)* for the campus-based and Stafford Loan programs.

fees — To be included as an element of the cost of attendance, fees must be mandatory, institution-based charges required as part of a student's program of study and charged to all students.

full-time student — In general, one who is taking a minimum of 12 semester or quarter hours per academic term in institutions with standard academic terms, or 24 clock hours per week in institutions which measure progress in terms of clock hours.

half-time student — For the Stafford Loan, SLS, and PLUS programs, a student who is carrying a half-time academic workload as determined by the

school, which amounts to at least one-half the workload of a full-time student. For the remaining Title IV programs, an enrolled student carrying a half-time academic workload as determined by the institution, generally equalling or exceeding the following minimum requirements: (a) 6 semester, trimester, or quarter hours per academic term; (b) 12 clock hours per week for institutions using clock-hour measurement; (c) 12 semester hours or 18 quarter hours per academic year; or (d) enrollment in an eligible program of correspondence study requiring at least 12 hours of preparation per week.

incarcerated students — Students who have been institutionalized by a court order.

independent student — To be classified as an independent student for federal Title IV financial aid, a student must be an individual who (a) is at least 24 years old by December 31 of the award year for which aid is sought; or (b) is an orphan or ward of the court; or (c) is a veteran of the Armed Forces of the United States; or (d) has legal dependents other than a spouse (for example, dependent children or an elderly dependent parent); or (e) is a graduate or professional student who will not be claimed as an income tax exemption by his or her parents or guardian for the first calendar year of the award year (for example, calendar year 1988 for award year 1988-89); or (f) is married and will not be claimed as an income tax exemption by his or her parents or guardian for the first calendar year of the award year; or (g) is a single undergraduate student with no dependents who was not claimed as a dependent by his or her parents or guardian for the two calendar years preceding the award year, and who demonstrates total self-sufficiency for those two years as evidenced by annual total resources, (taxed and untaxed), of at least $4,000 in each of those years (for example, calendar years 1986 and 1987 for award year 1988-89). A student may also be determined to be an independent student on the basis of unusual circumstances documented by the aid administrator.

Pell Grant — A grant program for undergraduate students who have not yet completed a first baccalaureate course of study. It is designed to assist students with the least ability to contribute towards their basic educational expenses. If a student applies, meets all eligibility criteria, and is enrolled in an eligible program at an eligible institution, he or she will receive a Pell Grant. Formerly Basic Educational Opportunity Grant (BEOG), renamed for Senator Claiborne Pell, originator of the legislation.

room — Cost of on-campus residential or off-campus housing.

source document — In the construction of student budgets, original supporting data for any expense item; back-up material for decisions reached.

student budget — See **cost of attendance**.

ACRONYMS

EFC	Expected Family Contribution.
GSL	Guaranteed Student Loan program--the former name of the Stafford Loan program.
PLUS	Parent Loans for Undergraduate Students. A Title IV program which now provides financial aid to parents only for their dependent students. Prior to the Higher Education Amendments of 1986, independent students were also allowed to borrow under the PLUS program.
SLS	Supplemental Loans for Students. A Title IV financial aid loan program for graduate, professional, and independent undergraduate students.

KEY RESOURCES

1. U.S. Department of Education, Office of Student Financial Assistance, *Current Title IV Regulations*, Washington, D.C.: OSFA/ED, 1988.

   Federal regulations covering the cost of attendance are included in this publication.

2. -------, *Federal Student Financial Aid Handbook*, Washington, D.C.: OSFA/ED, 1988.

   Chapter Four provides a detailed explanation of Pell Grant program regulations and their application. It includes discussion and examples to illustrate Pell Grant administration, including eligibility, cost of attendance, award calculation, disbursement, and fiscal procedures. It also highlights Pell Grant treatment of special circumstances in determining costs and calculating awards.

   Chapter 5 discusses provisions common to all campus-based programs.

3. The American College Testing Program, *Handbook for Financial Aid Administrators 1988-89 Academic Year*, Iowa City, IA: ACT, 1988.

   Designed to assist the financial aid officer in understanding the ACT student need analysis system and services. Updated each award year. Areas covered are the theory and components of the Congressional Methodology; ACT financial aid services; detailed explanation of the Comprehensive Financial Aid Report; and sample cases which illustrate how to interpret and use ACT financial aid documents.

4. National Association of Student Financial Aid Administrators, *Constructing Student Expense Budgets*, NASFAA Monograph Series, Number 8, Washington, D.C.: NASFAA, 1988.

   Provides guidance to financial aid administrators in the construction of student expense budgets. It outlines general principles for data collection and budget construction, examines types of expenses, and suggests approaches for determining standard student budgets.

The references listed above can be obtained by contacting the publishing organization. For U.S. Department of Education addresses, see the inside back cover or the Support Booklet. For all other addresses, see the Support Booklet.

APPENDIX A

PELL GRANT COST OF ATTENDANCE: FEES COMPONENT

Fees which may be included in the Pell Grant cost of attendance are limited to those which meet *all* of the following criteria:

- ✧ They must be mandatory for all students or for an identifiable group of students, as with all students taking a laboratory course (equipment breakage fee), or all students enrolled in a court reporting program (dictation tape rental fee).
- ✧ They must accrue to the institution and be charged for services performed by the institution, not by a third party such as a state licensing agency or an insurance company for a series of individual insurance policies (the institution cannot merely collect and transfer the money to another entity).

	Examples of Allowable Fees	*Examples of Fees Which Are Not Allowable*
Books, Supplies, Equipment, Facilities	Book rental	Beauty kit purchase
	Computer use fee	Book purchase
	Dictation tape rental fee	Deposits
	Equipment breakage fee	
	Equipment rental	Equipment purchase
	Flight fee (aviation majors)	
	Gymnasium use fee	
	Laboratory fee	Learning resources fee
	Musical instrument rental	Musical instrument purchase
	Physical education fee	School pin fee
		Supplies purchase
		Uniform purchase
Graduation Fees	Diploma fee	Licensing fee
	Graduation fee	Placement fee (placement by outside firm)
	Interview (required by school as prerequisite to graduation)	Transcript fee
Administrative Services	Activity fee (e.g. student newspaper)	
	Application fee (admissions/ processing fee)	Change of program fee
		Credit by examination fee
		Deferred finance charges
		Deferred tuition fee
		Deposits
		Finance charges
		Health insurance (outside agency)
		Insurance fee (outside agency)
	Registration fee	Late registration fee
		Parking permits
		Refundable fees (e.g. damage, cleaning)
	Student body fee	Sales tax

APPENDIX B

LOW-INCOME STUDENTS AND THEIR DEPENDENTS' LIVING EXPENSES IN THE CAMPUS-BASED/STAFFORD/SLS/PLUS COST OF ATTENDANCE

The cost of attendance allowance for room and board for the campus-based and Stafford/SLS/PLUS programs includes the living expenses *of the student only* because the CM need analysis formula provides for dependent maintenance costs. For example, the room and board allowance for a married student would include *only the student's cost* for room and board, not including that of the spouse.

However, living expenses for dependents of some low-income students may be included in the *dependent care allowance*. This is permissible if the standard maintenance allowance in the formula is greater than the total income of the student and dependents.

Example

Jane is a student whose elderly father is living with her. The father is dependent on her financial support, but does not need daily care. The total income of Jane and her father is $7,000. The standard maintenance allowance for the family is $8,580. May the *living expenses of the father* be considered in establishing Jane's dependent care allowance?

Solution: Yes, the aid administrator may appropriately decide to consider the cost of food and shelter for the father in establishing Jane's dependent care allowance. In cases where the family's available income is less than the standard maintenance allowance, an *adequate allowance*, as *determined by the institution*, may be provided for dependent care, including dependents' living expenses.

INDEX

A

adjustments based on professional judgment
  to cost of attendance 7.3.6
average, weighted or unweighted 7.3.1

B

board
  and campus-based/Stafford/SLS/PLUS cost of attendance 7.5.3
  and Pell Grant cost of attendance 7.3.3
books (allowance)
  and campus-based/Stafford/SLS/PLUS cost of attendance 7.5.2
  and Pell Grant cost of attendance 7.3.3
budget (student). *See* cost of attendance

C

child care allowance
  and campus-based/Stafford/SLS/PLUS cost of attendance (dependent care) 7.5.4
  and Pell Grant cost of attendance 7.3.4
clock-hour programs 7.3.6, 7.6
correspondence courses 7.5.6
cost of attendance, general
  comparison chart 7.1
cost of attendance, campus-based and Stafford/SLS/PLUS programs
  budget types 7.4
  components 7.5
  dependent care allowance 7.5.4
  dependents' living expenses Appendix B
  enrollment status 7.4
  fees 7.5.1
  handicapped student allowance 7.5.5
  modifications 7.6
  room and board 7.5.3
  books, supplies, transportation, and miscellaneous personal expenses (allowance) 7.5.2
  tuition 7.5.1
cost of attendance, Pell Grant program
  child care allowance 7.3.4
  components 7.3
  enrollment status 7.2
  fees 7.3.2, Appendix A
  handicapped student allowance 7.3.5
  modifications 7.3.6
  room and board, books, supplies, transportation, and miscellaneous expenses (allowance) 7.3.3
  tuition 7.3.1
cost of education. *See* cost of attendance

D

data collection, for cost of attendance 7.7
dependency status
  and campus-based/Stafford/SLS/PLUS cost of attendance 7.5.3
  and Pell Grant cost of attendance 7.3.3
dependent care allowance. *See* cost of attendance
dependents' living expenses. *See* cost of attendance

E

enrollment status
  and campus-based/Stafford/SLS/PLUS cost of attendance 7.4
  and Pell Grant cost of attendance 7.2

F

fees
  and campus-based/Stafford/SLS/PLUS cost of attendance 7.5.1
  and Pell Grant cost of attendance 7.3.2

H

half-time enrollment. *See* enrollment status
handicapped student allowance
  and campus-based/Stafford/SLS/PLUS cost of attendance 7.5.5
  and Pell Grant cost of attendance 7.3.5

M

medical and dental expenses 7.5.2
miscellaneous expenses
  and campus-based/Stafford/SLS/PLUS cost of attendance 7.5.2
  and Pell Grant cost of attendance 7.3.3

N

noninstitutional expenses 7.4

P

part-time enrollment. *See* enrollment status

personal expenses
and campus-based/Stafford/SLS/PLUS cost of attendance 7.5.2
and Pell Grant cost of attendance 7.3.3
professional judgment. *See* adjustments

R
room and board
and campus-based/Stafford/SLS/PLUS cost of attendance 7.5.3
and Pell Grant cost of attendance 7.3.3

S
sources of data for cost of attendance 7.7
student expense budget. *See* cost of attendance
supplies (student allowance)
and campus-based/Stafford/SLS/PLUS cost of attendance 7.5.2
and Pell Grant cost of attendance 7.3.3

T
transportation allowance
and campus-based/Stafford/SLS/PLUS cost of attendance 7.5.2
and Pell Grant cost of attendance 7.3.3
tuition
and campus-based/Stafford/SLS/PLUS cost of attendance 7.5.1
and Pell Grant cost of attendance 7.3.1
actual or average 7.3.1
weighted or unweighted average 7.3.1

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